



U.S. Immigration  
and Customs  
Enforcement

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# News Release

## **GRAND JURY INDICTS 6 FOR ALLEGED SCHEME TO STEAL TRIBAL CASINO FUNDS, LAUNDER MONEY**

*Texas state representative, ex-tribal leader, gaming rep, casino manager named*

SAN ANTONIO-- Six people were indicted by a federal grand jury, including Texas State Representative Timoteo Garza and former Tribal Leader Raul Garza Sr., for their alleged roles in a scheme to steal more than \$900,000 from the Kickapoo Indian Tribe of Eagle Pass, Texas.

The indictment was announced by United States Attorney Johnny Sutton, U.S. Immigration and Customs Enforcement Special Agent-in-Charge Al Pena, IRS-Criminal Investigation Special Agent-in-Charge Martin J. Sheil, FBI Special Agent-in-Charge Patrick A. Patterson, and Special Agent-in-Charge Gary M. Mitchell, the U.S. Department of Interior Office of Inspector General Special Agent-in-Charge here.

The grand jury in San Antonio returned a 19-count indictment today against six individuals, including Raul Garza Sr., Kickapoo tribal gaming representative Isidro Garza Jr., and Timoteo Garza, in connection with a scheme to steal over \$900,000 in tribal funds.

Sixty-two year old Garza Sr., 54-year-old Garza Jr., 30-year-old and Timoteo Garza and Isidro's wife, 53-year-old Martha Garza, 54-year-old Arthur Lee Martin, and Eagle Pass attorney Jose J. Ruiz are all charged with one count of conspiracy to commit theft or embezzlement of tribal and casino funds.

In addition to that conspiracy charge, Isidro Garza faces 13 substantive theft charges and one count of conspiracy to commit money laundering. Raul Garza faces substantive theft charges, three counts of filing false federal income tax returns and one count of conspiracy to commit money laundering. Ruiz faces one substantive theft charge and one count of conspiracy to commit money laundering. Timoteo Garza, Martha Garza and Martin each face 10 substantive theft charges.

The indictment also includes a notice of criminal forfeiture. In the notice, the government seeks a monetary judgment against Raul Garza, Isidro Garza and Ruiz in the amount of \$310,766.46.

Isidro Garza's wife is Martha Garza and Timoteo Garza is their son.

Martin is the former manager of the Lucky Eagle Casino, the tribe-owned gaming establishment.

"These defendants were trusted by the tribe to manage their money and use it for the good of the Kickapoos. Sadly, they betrayed that trust," said Sutton.

Specifically, the indictment alleges that Isidro Garza manipulated and utilized the casino operating accounts for personal benefit in order to avoid the scrutiny of tribal members. The indictment charges that Isidro Garza used the casino's American Express corporate credit card to fund approximately \$40,000 in campaign expenses during his 2000 bid for election to the U.S. House of Representatives. Isidro Garza's campaign finance report to the Federal Elections Commission falsely stated that the costs were direct expenditures by Isidro Garza when in fact, the casino paid the credit card bill without any deduction from Isidro Garza's management fee or receiving any reimbursement from Isidro Garza.

The indictment also alleges that Raul Garza stole \$1,731.90 from the Kickapoo Community Health Services; took more than \$213,000 in cash withdrawals from the casino cash cage—money that was never deducted from or expensed to Raul Garza, and used casino corporate credit cards to purchase two All Terrain Vehicles (ATVs) for his personal use and buy more than \$58,000 in furniture and household appliances for both his house in the United States and his house in Nacimiento, Coahuila, Mexico. The credit card bills were paid by the casino without any deduction from Raul Garza's management fee or receiving any reimbursement from Raul Garza.

Additionally, the indictment charges that from Nov. 5, 2002, to June 3, Isidro Garza, Raul Garza, and Ruiz devised a scheme to conceal from the tribal membership their embezzlement of \$310,766.46 from the casino. Those proceeds represented a loan obtained by the Kickapoo tribe from an insurance company for casino improvements. Unbeknownst to the tribal membership, the defendants arranged for the transfer of money from the casino's checking account into Ruiz' law office escrow account to be used as they saw fit.

"We followed the money trail straight to these individuals' pockets," said ICE Special Agent-in-Charge Alonzo R. Pena, who leads ICE's investigations in the region. "Their luck has run out and their days of exploiting the Kickapoo people, stealing and laundering money are over. This was a very complex financial case where several federal status were violated and it involved multiple law enforcement agencies. It also demonstrates the unified approach to law enforcement that the Department of Homeland Security and ICE were created for."

"This indictment reflects IRS's commitment to investigate financial crimes, especially those that involve the violation of the public's trust. IRS-CID and federal law enforcement takes theft from tribal funds very seriously and the perpetrators of these crimes will be prosecuted," said Sheil.

"The arrests and indictment are directly attributable to the efforts between the FBI, ICE, the Criminal Investigation Division of the Internal Revenue Service, the Office of Inspector General of the Department of the Interior and the United States Attorneys Office for the Western District of Texas. This investigation reflects the FBI's continuing efforts to combat public corruption and the

U.S. Government's overall efforts to combat criminal activity in the Native American gaming industry, an industry which many tribes rely on for their economic well-being," stated Patterson.

"The U.S. Department of Interior-Office of Inspector General is pleased to join with the Department of Justice, Federal Bureau of Investigation, Internal Revenue Service and the Department of Homeland Security's U.S. Immigration and Customs Enforcement in announcing the federal indictment of several former tribal and gaming officials with the Kickapoo Traditional Tribe of Texas for conspiracy, theft, money laundering and tax violations. The ever increasing incidents of white collar crimes impacting today's \$15 billion gaming industry in Indian country requires that federal agencies leverage their resources in order to achieve significant results," stated Mitchell.

Isidro Garza and Raul Garza remain in federal custody following their arrests Monday. Arrest warrants have been issued for the remaining defendants.

Upon conviction of all charges Isidro Garza faces up to 95 years of imprisonment, Raul Garza faces up to 99 years imprisonment, Timoteo Garza faces up to 25 years imprisonment, Martha Garza faces up to 10 years imprisonment, Martin faces up to 55 years imprisonment, and Ruiz faces up to 35 years imprisonment.

This investigation is being conducted by U.S. Immigration and Customs Enforcement, Internal Revenue Service - Criminal Investigation, the FBI, and the Department of Interior's Office of Inspector General.

Assistant U.S. Attorneys William R. Harris and Joe F. Sepeda are prosecuting this case on behalf of the government.

An indictment is a formal accusation of criminal conduct, not evidence of guilt. The defendants are presumed innocent unless and until convicted through due process of law.

# ICE #

*U.S. Immigration and Customs Enforcement is the largest investigative arm of the Department of Homeland Security.*